

The Conference in August, 1945, discussed the proposals and then adjourned to consider the matter more fully. Meanwhile, a co-ordinating committee, consisting of the Prime Minister and the nine Provincial Premiers, met *in camera* in November, 1945, and in January and April, 1946. Modifications were suggested by the provinces and revisions were offered by the Dominion, but on May 3, 1946, the Conference was adjourned *sine die* when it became evident that no immediate agreement acceptable both to the Dominion and to all the provinces was likely to be reached.

Accordingly, in the Budget Speech of June 27, 1946, the Federal Government proposed a modified form of agreement to be concluded with any province willing to restrict its use of certain specified tax fields over a five-year period in return for an annual subsidy. In the following year, further modifications were made as a result of which tax agreements were negotiated with a number of the provinces. (For details, see pp. 968-971.) Failure to secure general agreement with the provinces put into abeyance for the time being, implementation of the Dominion's proposed plan for a comprehensive social security scheme and a co-ordinated public investment program.

Meanwhile, the Dominion had created new administrative machinery to implement its reconstruction program. In June, 1944, the Department of Reconstruction was created, and in October, 1944, a Cabinet Committee on Reconstruction was set up. In January, 1946, the Departments of Munitions and Supply and of Reconstruction were merged to become the Department of Reconstruction and Supply.

Section 1.—The Dominion Program of Reconstruction

Since the end of hostilities in August, 1945, the Federal Government has been actively engaged in facilitating the transition of the Canadian economy from a wartime to a peacetime basis. Some of the more important aspects of this program of reconstruction are reviewed briefly, below.

Decontrol.—The process of decontrol, starting shortly after the conclusion of the War, was designed to meet gradually the changing needs of the economy and adjusted to ease some of the strong pressures of inflation noticeable in most fields. Broadly speaking, the policy with regard to prices has been to adjust ceilings where such action was necessary to increase production or make allowance for increase in cost, and to remove the ceiling entirely whenever goods were in reasonable supply. By the middle of 1947, price ceilings had been removed from most commodities, but staple products, generally, were still under control. Starting in 1946 and continuing into 1947, most subsidies paid on imported and domestic products had been dropped. A change in the price control over imported products was made in 1946 to allow the import of some foreign products needed but not available in Canada. Most allocation controls were also dropped. By mid-1947, the only important food items still subject to rationing were sugar and products with a high sugar content. The industrial use of rationed food products, together with vegetable oils and fats remained under control. Similarly, iron and steel, certain non-ferrous metals and lumber and paper products continued to be controlled and some of the wartime import and export controls were retained to assure sufficient supplies of goods in Canada. Foreign exchange control is being continued, chiefly in respect to capital transactions in modified form. Manpower and wage controls have been dropped. (See also Chapter XXIV on Prices.)